

MINUTES OF THE UNEMPLOYMENT INSURANCE BOARD MEETING  
JUNE 4, 2008  
INDIANA GOVERNMENT CENTER SOUTH  
10 N. SENATE AVENUE, ROOM 301 A  
INDIANAPOLIS, IN 46204

Members present were Samuel Schlosser, President; Dave Thomas, Vice-President; Barry Baer; Kevin Tully; Joe Evans; Kent Tolliver; and Randy Maxwell. Also in attendance were Scott Sanders, Chief Financial Officer; John Ruckelshaus, Deputy Commissioner of Governmental Affairs; Dustin Stohler, Deputy Commissioner of Legal Affairs and Administration; and Randy Gillespie, Budget Director. It was acknowledged that a quorum was present.

The meeting was called to order by Sam Schlosser at 10:05am.

Mr. Schlosser welcomed guests Larry Temple and Don Peitersen from the American Institute for Full Employment; George Raymond from the Indiana Chamber; Ed Roberts and Brian Burton from the Indiana Manufacturers Association.

**COMMISSIONERS REPORT:**

Mr. Sanders began the report with an introduction of the Youth Opportunity Center (YOC). Commissioner Teresa Voors was in attendance this day at an event at the Youth Opportunity Center representing the Department of Workforce Development. Ms. Voors was scheduled to speak at the event and meet with the director of the Youth Opportunity Center. The main goal of the Youth Opportunity Center is to provide helpful tools and staff to assist children and young adults in obtaining and practicing a healthy lifestyle.

Mr. Sanders continued the report with an update on the newly designed job matching website [www.IndianaCareerConnect.com](http://www.IndianaCareerConnect.com) slated to go live in July. Mr. Sanders then referred to Mr. Dale Wengler's explanation of the "product box" offered at the WorkOne offices as presented at the May 7, 2008 Board meeting. This product box is one of the tools that will be utilized by individuals on the web site. The Site will be available for Indiana dislocated workers and incumbent workers to use the search engine to assess their job skills, apply for new jobs, and take remedial education classes. Mr. Sanders compared this site as similar to the outside internet job search sites such as CareerBuilder.com but with greater access to labor market data. The site will be the one-stop-shop for job seekers. Currently the web sites logo and splash page are in approval status at the Department of Workforce Development with further development through the Asher Agency, based in Ft. Wayne.

Mr. Baer requested from the Board what the statistics stated were the average time an employee stayed at their present job. Previously the average stood between 25-30% of all workers held the same job for a long period of time. Mr. Sanders stated that the current trend is for employees to have 3 jobs in 5 years. This change is in-part related to today's loyalty between employers and employees. Mr. Sanders explained as employers increase

their technology, so is the need to increase their knowledge base of their employees. This new career website will provide the unemployed the opportunity to see which new job skills will be necessary to stay competitive in their industry and increase their chances for job security. On the other hand, this website will provide employers the opportunity to search for candidates with adequate skills for their company. Mr. Sanders further explained that it is necessary for Indiana to remain attractive to small, medium, and large employers as well as individuals who may decide to move to Indiana. Further discussion ensued in relation to this topic and the needs to improve the education system in Indiana.

#### **OLD BUSINESS:**

Mr. Schlosser asked if everyone had reviewed the previous meeting minutes. Mr. Schlosser asked for a motion to approve the minutes. Mr. Baer made the motion and Mr. Maxwell seconded the motion. All members of the board approved.

#### **OPERATIONAL UPDATE:**

Mr. Sanders began the update with an overview of the UI Data summary week ending May 24, 2008, a copy of which is provided in the notes. Mr. Sanders explained that the Initial Claims data had increased about 20% from the previous year in all industries while the Initial Claims for unemployment insurance had decreased 1.1% from the previous four weeks. Mr. Sanders stated the weather this spring 2008 continues to play a factor in the construction industries increased unemployment numbers. Likewise, the manufacturing industry continues to see increased numbers in unemployment due to the residual effects from the American Axle strike. On the other hand, Mr. Sanders stated the manufacturing industry is beginning to see an increase in the number of hours worked from last year. General Motors has seen an increase in production up from the previous production slow down. The RV industry's production continues to see a slowdown due to gas price inflation.

Mr. Baer inquired on what the average dollar amount of claims were paid during the June to September quarter. Mr. Gillespie stated the pay out was between \$1 million to \$4 million per week. Mr. Sanders added the inflow of tax receipts is around \$200 million to \$250 million. Mr. Sanders stated that as of the previous Friday, the Trust Funds balance was at \$288 million; \$12 million behind the January forecast. Mr. Gillespie stated the current forecast showed the Trust Fund would be above its minimum floor through December.

Mr. Sanders continued with the April Unemployment press release update, a copy of which is included in the minutes. The updated unemployment rate fell to 4.7% from the previous month. Mr. Sanders explained that this data was collected via a survey from 1,000 households by the Department of Labor.

Mr. Sanders moved on to discuss the Trust Fund update. Currently the contract is being finalized between the American Institute for Full Employment and the Indiana Business Research Center to study Indiana's Unemployment Insurance Trust Fund. Mr. Baer

explained that during the previous May 23<sup>rd</sup> subcommittee meeting, the discussion centered on the review of “three legged stool” concept in relation to the Trust Fund. These three legs, or pieces, include taxes, benefits, and eligibility. Mr. Baer informed Mr. Peitersen and Mr. Temple, and the IBRC, to closely consider the 3 pieces when developing and researching options for the Trust Fund. Mr. Baer requested the status of gaining a labor representative at the Unemployment Insurance Board meetings. Mr. Thomas stated information has been presented to the Building Trades requesting a representative to attend the meetings.

Mr. Sanders moved the discussion to an article “State jobless benefits reserves low”, a copy of which is included in the notes. The article showed that Indiana does not stand alone on Trust Fund Issues. Mr. Temple discussed some particular differences in Texas’ Trust Fund in comparison to Indiana. Mr. Sanders discussed New York and their struggles with the Trust Fund. Mr. Temple informed the board that Texas, Colorado, and a few additional states have decided to keep only six months worth of funds in the Trust Fund opposed to one years worth. Mr. Temple and Mr. Peitersen reassured the board that once all data has been gathered on Indiana’s Trust Fund comparisons will be made with other states and suggestions will be proposed. Mr. Sanders stated that the comparisons will be used to find what solutions will work best for Indiana.

Mr. Temple discussed possible ways to acquire a loan for the Trust Fund should the fund fall below its floor. The possibilities include bonds and borrowing from the federal government. Mr. Sanders reminded the board should Indiana borrow money from the federal government there is a window between January and September where the borrowing can exist on an interest free basis. The funds would need to be repaid by September 30th to continue to qualify for the interest free loans.

Mr. Stohler moved the meetings discussion to an update on the collections contract. Mr. Stohler stated the RFP has been sent out to all subjected vendors. The proposal is due back from vendors by June 10<sup>th</sup>. Proposals will then be evaluated and a decision will be reached by June 23, 2008. Once a vendor is picked the vendor will be appropriately listed on the contract. Mr. Stohler stated Laura Merrion, the Director of Unemployment Insurance Tax, will manage the contract once a vendor has been selected.

Mr. Stohler continued with an update on the D&O (Director and Officer) insurance. Mr. Stohler stated Pillar and 2 other vendors have been contacted. Information is being provided to the vendors so that they may be able to help the Unemployment Insurance Board get set up. Mr. Stohler explained why the insurance is necessary based upon an experience had by another commissioner. Further discussion ensued between Mr. Sanders, Mr. Baer, and Mr. Stohler.

Mr. Sanders explained a common illegal business act studied by the Rate Assurance Team. This illegal act “SUTA dumping” entails a business moving employees between commonly owned organizations in a certain manor to escape the responsibility of paying state unemployment tax. Further discussion ensued by the board.

Mr. Baer inquired on the status of the Annual Report and the summer Administrative Law Judge Interns. Mr. Sanders stated the Annual Report is almost complete. Mr. Stohler stated the summer Administrative Law Judges are assisting the staff in handling appeals. The reduction is aided in part to the Administrative Law Judge hearings which are now primarily heard telephonically.

Mr. Schlosser asked if the Board had any additional questions or old business. The Board agreed to move on to New Business

#### **NEW BUSINESS:**

Mr. Stohler began the discussion on the House Bill 1219; page 5 section B, on a new provision for training dollars to be allocated to Ivy Tech Community College and Vincennes University. Mr. Stohler stated the bill explains the duty and requirements to deem amounts in the Penalty and Interest funds excessive. Mr. Stohler stated it is the decision of the board to deem in what amount is excessive and how to spend the excess money. The money must be used for education and training or the funds can be kept in the account to use later. Mr. Sanders stated the decision regarding this new provision must be made before July 1<sup>st</sup> of each year. Mr. Stohler stated the terms of use must also be made. Clarification was discussed between Mr. Roberts, Mr. Schlosser, and Mr. Burton. Mr. Sanders stated the Penalty and Interest Fund can only be spent if there are no other funds available for use.

Mr. Schlosser stated \$5.5 million must be appropriated each year as per the legislation. Mr. Baer made a motion to award the \$5.5 million. Mr. Evans seconded the motion and all board members were in favor and the motion passed unanimously. Mr. Gillespie stated the funds were to be transferred in the amount of \$4.25 million to Ivy Tech Community College and \$1.25 million to Vincennes University for education and training in the construction trades. Mr. Sanders stated the colleges are required to track the funds used and to use the funds within one year. A report will be given to the board on how the funds are spent.

#### **PRIVILEGE OF THE FLOOR:**

Mr. Schlosser asked the Board if there were any other questions or comments. Hearing none, Mr. Schlosser announced the next board meeting will be held on Wednesday July 9<sup>th</sup> at 10:00 am.

**ADJOURNMENT:** Mr. Schlosser moved to adjourn at 11:15am; all members approved.